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THE INFLUENCE OF MANAGERIAL OWNERSHIP, INSTITUTIONAL OWNERSHIP, PUBLIC OWNERSHIP ON EARNINGS MANAGEMENT IN LISTED COMPANIES IN THE TRANSPORTATION AND RETAIL SUBSECTOR IN 2016-2020

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ABSTRACT

This research is research that uses a secondary data on Managerial Ownership, Institutional Ownership, Public Ownership, and Earnings Management in the Transportation and Retail Subsector that listed in Indonesia Stock Exchange in 2016-2020. This research takes the title: "The Influence of Managerial Ownership, Institutional Ownership, Public Ownership on Earnings Management in Listed Companies in the Transportation and Retail Subsector in 2016-2020". The sample of this research was 14 companies which were obtained by purposive sampling technique. The research data is secondary data with documentation data collection from the Indonesia Stock Exchange and tested using multiple linear regression. The result of this research showing that the variable of Managerial Ownership, Institutional Ownership, and Institutional Ownership have no influence on Earnings Management.

Keywords: *Managerial Ownership, Institutional Ownership, Public Ownership, Earnings Management.*

ABSTRAK

Penelitian ini merupakan penelitian yang menggunakan data sekunder pada Kepemilikan Manajerial, Kepemilikan Institusional, Kepemilikan Publik, dan Manajemen Laba pada Perusahaan Subsektor Transportasi dan Retail yang terdaftar di Bursa Efek Indonesia tahun 2016-2020. Penelitian ini mengambil judul: "Pengaruh Kepemilikan Manajerial, Kepemilikan Institusional, Kepemilikan Publik Terhadap Manajemen Laba pada Perusahaan Terdaftar Subsektor Transportasi dan Ritel tahun 2016-2020". Sampel penelitian ini sebanyak 14 perusahaan yang diperoleh dengan teknik purposive sampling. Data penelitian merupakan data sekunder dengan teknik dokumentasi yang diperoleh dari Bursa Efek Indonesia dan diuji dengan menggunakan analisis regresi linier berganda. Hasil penelitian ini menunjukkan bahwa variabel Kepemilikan Manajerial, Kepemilikan Institusional, dan Kepemilikan Publik tidak berpengaruh terhadap Manajemen Laba.

Kata Kunci: *Kepemilikan Manajerial, Kepemilikan Institusional, Kepemilikan Publik, Manajemen Laba.*

INTRODUCTION

Financial statements are a source of information used to assess a company's performance or the company's soundness, whether the company has met the criteria required by the Financial Services Authority. Financial reporting aims to communicate accounting information in helping users to make relevant business decisions for companies to maintain and improve their financial position and performance. This illustrates that the information that describes the financial and economic conditions that affect the company is presented in the financial statements, where management has the prerogative to disclose the data in the financial statements.

The retail and transportation industries are two industries that have an essential role in Indonesia's economic growth. However, these two industries have been severely impacted by the Covid-19 pandemic. According to information, the retail sector's revenue fell to Rp 12 trillion in just two months in 2020 when the PSBB or Large-Scale Social Restrictions were implemented, which temporarily closed various shopping centers. Until the middle of 2021, many Indonesian retail companies are still affected by the Covid-19 pandemic. Several large issuers of the retail industry, namely PT Ramayana Lestari Sentosa Tbk (RALS), PT Matahari Department Store Tbk (LPPF), and PT Mitra Adiperkasa Tbk (MAPI), experienced a very significant decline in revenue. Ramayana recorded the largest revenue decline of up to 48.21%. Ramayana's revenue fell to Rp 297.89 billion from the same period the previous year, which reached Rp 768.26 billion. The retail industry and the transportation industry have also experienced a very significant impact with the Covid-19 pandemic. In Indonesia's economic growth in 2020, the transportation and warehousing sector contributed the most to the decline in Gross Domestic Product (GDP). Air transportation and rail transportation are under the most significant pressure due to the pandemic. In the fourth quarter of 2020, air transportation was minus 53.81%, slightly better than in the third quarter, minus 63.9%. Meanwhile, rail transportation was minus 45.5% in the fourth quarter, slightly better than the third quarter, minus 51.1%. With the decline in income caused by the Covid-19 pandemic.

According to (Sulistyanto, 2014), earnings management is a managerial activity to "influence" and intervene in financial statements. Scandals that often appear in the financial reporting of several foreign and Indonesian companies have triggered negative things, such as fraud by management in reporting company profits. For example, the case of PT Garuda Indonesia Tbk, which posted a net profit of US$ 809,846 in 2018 or the equivalent of Rp. 11.49 billion (exchange rate of Rp. 14,200 / US$). If we look more closely, the company, officially established on December 21, 1949, should have been at a loss. This is because the company's total operating expenses in 2018 reached US$ 4.58 billion. This figure is US$ 206.08 million higher than the entire 2018 revenue. These companies are examples or a small part of companies that commit fraud in financial reporting because, in previous years, similar cases occurred in other large companies. Maybe many different companies carry out similar practices but have not been detected. Fraud in financial statements committed by management, especially fraud in the form of presentation of financial statements, no longer objectively provides information on what has been done and experienced by the company. Managers can use earnings management to commit fraud in financial statements, whereas management takes policies by engineering and planning fraud that will be carried out intentionally.

Earnings management is an action taken by the company's management by manipulating information so that the amount of profit recorded in the financial statements is by the wishes of the company's management for their own or the company's interests. According to (Sulistyanto, 2018) earnings management patterns that managers can do include: increasing profits (increasing income), decreasing yields (decreasing revenue), and relatively even profits (income smoothing). Some of the motivations that encourage management to carry out earnings management are bonus motivation or compensation plans. Namely, managers tend to choose methods that will increase profits. Second, there is a hypothesis regarding debt, namely that companies have high obligations. Hence, managers tend to select the method of increasing profits to reduce the possibility of violating debt requirements. Third, the existence of hypotheses about government regulations, regulations, taxes and others. Then managers will tend to use them up or down depending on certain advantages and benefits (Sulistyanto, 2018).

Managerial Ownership is the total share ownership by management of the entire share capital of the company. The indicator used to measure managerial Ownership compares the percentage of the number of shares owned by management with the company's total outstanding share capital (Abduh & Rusliati, 2018). The level of managerial Ownership that is too high can also hurt the company. With high managerial Ownership, managers have elevated voting rights so that managers have a solid position to control the company; this can cause problems for the company. This is supported by research conducted by (Panjaitan & Muslih, 2019), which shows that managerial Ownership does not affect earnings management. However, there are differences in other studies conducted by (Astari & Suryanawa, 2017), which states that managerial ownership negatively affects earnings management.

In addition to managerial ownership as a supervisory mechanism that aims to align various interests within the company. According to (Gede *et al*., 2014), institutional ownership is company shares owned by institutions (insurance companies, banks, investment companies, and other institutional Ownership). The existence of institutional Ownership is expected to provide a supervisory mechanism that aims to align various interests in the company. Several studies have been conducted to analyze the effect of institutional Ownership on earnings management; among others (Aryanti & Kristanti, 2017) shows that institutional Ownership does not affect earnings management. While the research results (Aga Arye Perdana, 2019) shows that institutional Ownership has a positive significant effect on earnings management. The existence of institutional Ownership is thought to provide a supervisory mechanism that aims to align various interests in the company.

Public Ownership is part of ownership in a company where an intended public party is a group of people outside the company's management and does not have a special relationship with the company (Indraswari & Mimba, 2017). Public Ownership can be exercised in companies that have gone public and offer their shares freely to the public. In addition, their respective shareholdings are less than 5%, so they are often referred to as minority shareholders. Even though, as a minority shareholder, the company feels the need to disclose its environmental and social activities to maintain public credibility. The greater the percentage of share ownership owned by the public, the smaller the company will take earnings management actions. This research was conducted to analyze the effect of public Ownership on earnings management, including by (Utami *et al*., 2021), which states that public Ownership has a negative effect on earnings management. However, research conducted by (Agustina *et al*., 2018) says that public Ownership has an effect on earnings management.

Based on the inconsistent research results and many cases of earnings management, researchers are interested in researching managerial ownership, institutional ownership, and public ownership to determine their effect on earnings management.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Agency Theory

This theory explains the relationship between the principal (investor/owner) and agent (management). The principal is the person who gives decision-making authority to the agent, and an agent is a person who performs some services on behalf of the principal. The existence of granting authority to agents has an impact on the owner's ignorance regarding the overall condition of the company (information asymmetry), this allows the decision-making process to not optimally benefit the owner (Anjarningsih *et al*., 2022). Thus, the owner supervises and sets incentives to agents in order to achieve common interests. The difference in the information received by the principal is less than the information received by the agent (Jensen & Meckling, 1976).

Earnings Management

According to Piosik & Genge (2020), earnings management occurs when managers use judgement in financial reporting and in structuring transactions to alter financial reports to either mislead some stakeholders about the underlying economic performance of the company or to influence contractual outcomes that depend on reported accounting numbers. Earnings management is a practice of managing the presentation of company profits in financial statements so that it looks good in front of all stakeholders (Suyono, 2017). In general, previous research says that earnings management practices are detrimental because they can present wrong information about the company's condition in front of its stakeholders.

Managerial Ownership

Managerial ownership is share ownership by company management. Managerial share ownership can align the interests of shareholders and managers because managers can directly benefit from the decisions taken and managers bear the risk if losses arise from making wrong decisions. It states that the more significant the proportion of management ownership in the company, the greater the interests of managers and shareholders, so that the company's performance is getting better (Jensen, 1986).

Institutional Ownership

According to Pricilia & Susanto (2017), institutional ownership has an important meaning in monitoring management because institutional ownership will encourage more optimal supervision. Such monitoring will certainly ensure prosperity for shareholders, the influence of institutional ownership as a supervisory agent is suppressed through their large investment in the capital market. A high level of institutional ownership will lead to greater supervisory efforts by institutional investors so that it can hinder the opportunistic behavior of managers

Public Ownership

According to Wijayanti (2009), public ownership is the proportion or number of shares owned by the public or the general public who do not have a special relationship with the company. The company's goal is to increase the company's value, so it requires funding obtained through internal or external funding. External funding sources are obtained from public (public) shares. Publicly owned companies tend to be stricter in supervising their company's operations. It is because outside investors demand hard work so that their investments can provide significant returns. Public owners may have more efficient information to meet their company's internal needs. It can encourage managers to pay more attention to the interests of their shareholders.

Influence of Managerial Ownership on Earnings Management

Company managers in managing company operations must be by what has been determined and planned in achieving company goals. Managers have an essential authority in deciding an action. Managers who also have investment in the company can control corporate behavior directly from their position as manager and decision maker. When there is managerial ownership in the organization, it will minimize agency cost, because it serves as an incentive to align the interest of owner-manager and other shareholders (Ahmad Saiful, 2017).

Research conducted by (Muiz & Ningsih, 2018) and (Sadjiarto *et al*., 2019) has a result of research test prove managerial ownership positively affect earnings management. While another researcher, Aryanti & Kristanti (2017) has a result that indicate the managerial ownership has a significant effect in a negative direction. Based on this description, this research proposes the following hypothesis:

H_{1a}: Managerial Ownership has a positive influence on Earnings Management in Retail Industry.

H_{1b}: Managerial Ownership has a positive influence on Earnings Management in Transportation Industry

Influence of Institutional Ownership on Earnings Management

Institutional ownership is share ownership company owned by institutions or institutions (Purnama, 2017). Institutional ownership has significance in monitoring the management company due to ownership institutional owned by the party external so that supervising internal parties more optimal. Ownership level high institutional give rise to surveillance bigger by party institutional investors so that can hinder behavior opportunistic manager.

Research on the effect of Institutional Ownership on Earnings Management was held by Pricilia & Susanto (2017) and Zakia *et al*. (2019) has a result of the study on the effect of institutional ownership on earnings management showed that there was no significant effect between institutional ownership and earnings management. The research conducted by Aga Arye Perdana (2019) shows that institutional have a positive significant effect to earnings management. Based on this description, in this research the following hypotheses were proposed:

H_{2a}: Institutional Ownership has a negative influence on Earnings Management in Retail Industry.

H_{2b}: Institutional Ownership has a negative influence on Earnings Management in Transportation Industry.

Influence of Public Ownership on Earnings Management

According to Wijayanti (2009) in Yunitasari (2014) public ownership is the proportion or number of share ownership owned by the public or the general public who do not have a special relationship with the company. So, from some of the quotes above, public ownership is the percentage of share ownership owned by the public from the total outstanding shares.

This research on the effect of Public Ownership on Earnings Management was conducted, including by Delima & Herawaty (2020 and Utami *et al*. (2021) shows that show that public ownership has a negative effect on earnings management. Based on this description, in this research the following hypotheses were proposed:

H_{3a}: Public Ownership has a negative influence on Earnings Management in Retail Industry.

H_{3b}: Public Ownership has a negative influence on Earnings Management in Transportation Industry.

Based on the hypothesis above, it can be described that the research to be carried out can be seen through the research model as follows:

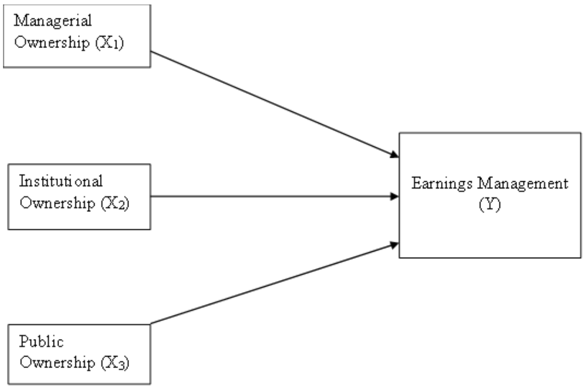

Figure 1. Research Model

RESEARCH METHODS

Research Design

This type of research is research using a quantitative descriptive. The object of this research is earnings management on issuers influenced by managerial ownership, institutional ownership, and public ownership. Population of this research was 62 transportation and retail listed companies in total from 2016-2020.

This research uses purposive sampling with sample criteria (companies) that will be used as statistical analysis as follows:

1) The company did not go out (delisted) during the research period, namely 2016-2020;
2) The company issues financial statements comprehensively in rupiah during the research period;
3) Have data of institutional ownership, managerial ownership, public ownership during the research period.

It is known from the criteria above; it can be concluded that the sample in this study is a transportation and retail company located on the IDX for the period 2016-2020 with a total 14 companies, period of five years resulting in a sample of 70 also 10 data outlier was trimmed, consists of 3 retail data and 7 transportation data. Total data research in the process was 60.

Variable that was used in this research:

1. Dependent Variable

The dependent variable in this research is earnings management. Earnings management in this research is calculated using the Modified Jones Model method, namely discretionary accruals, the accrual component that can be regulated and engineered according to managerial discretion. This model is used because it is considered the best model in detecting earnings management (Fairuzza, 2014).

2. Independent Variable

a. Managerial Ownership

According to Kusumawati & Setiawan (2019), the measurement of institutional ownership is formulated:

$$MAN = \frac{Amount\ of\ shares\ owned\ by\ management}{Total\ share} x\ 100$$

b. Institutional Ownership

According to Kusumawati & Setiawan (2019), the measurement of institutional ownership is formulated:

$$INST = \frac{Amount\ of\ shares\ owned\ by\ institutional}{Total\ share} x\ 100$$

c. Public Ownership

According to Wijayanti (2009), the measurement of institutional ownership is formulated:

$$PUB = \frac{Amount\ of\ shares\ owned\ by\ public}{Total\ share} x\ 100$$

Data Analysis Technique

This study uses multiple linear regression analysis to determine the effect between the dependent variable and the independent variable. The technique used is descriptive statistics, classical assumption test, coefficient of determination test, and t test.

RESULTS AND DISCUSSION

Descriptive Statistics Analysis

Table 1. Descriptive Statistics of Retail Industries

	N	Min.	Max.	Mean	Std. Deviation
Y	32	-0.0001627	0.0003833	0.00004453	0.000136354
X_1	32	0.0000058	0.1153862	0.03812238	0.041163845
X_2	32	0.5587655	0.9097644	0.73128177	0.111608575
X_3	32	0.0826529	0.3985650	0.20756431	0.108922665

Table 2. Descriptive Statistics of Transportation Industries

	N	Min.	Max.	Mean	Std. Deviation
Y	28	-0.00052	0.00042	-0.0000231	0.0002042
X_1	28	0.00000	0.65052	0.1355247	0.1911991
X_2	28	0.18587	0.84918	0.5988782	0.2199870
X_3	28	0.12497	0.42857	0.2386595	0.0931626

Descriptive statistics test was conducted to 14 companies, consists of 7 retail companies and 7 transportation companies with an observation period of 5 years from the 2016-2020 period. Data research contain of 70 data collection also 10 data outlier was trimmed, consists of 3 retail data and 7 transportation data. Total data research in the process was 60. The dependent variable (Y), namely earnings management as measured by the modified Jones discretionary accruals method, eanings management in retail and transportation industries has a minimum value of -0.0001627 and -0.00052 also a maximum value of 0.0003833 and 0.00042 with an average value of 0.00004453 and -0.0000231 which means that retail and transportation companies listed on the Indonesia Stock Exchange in 2016-2020 the average company mean value, if a company has a value of earnings management above the mean value, then that indicates the increasing of the possibility of earnings management practices. On the other hand, if earnings management in a company is below the average value, it indicates the decreasing of the possibility of earnings management practices.

In the X1 variable, managerial ownership is measured based on the calculation of managerial ownership shares divided by the total number of shares. Managerial ownership in retail and transportation industries has a minimum value of 0.0000058 and 0.00000 also a maximum value of 0.1153862 and 0.65052 with an average value of 0.03812238 and 0.1355247 which means that retail and transportation companies listed on the Indonesia Stock Exchange in 2016-2020 the average company mean value, if a company has a value of managerial ownership above the mean value, then that company has a relatively high managerial ownership value compared to other companies in the retail and transportation subsectors. On the other hand, if managerial ownership in a company is below the average value, it indicates that the managerial ownership rate is still relatively low compared to other companies in the retail and transportation subsectors. And also, the mean value is lower than the standard deviation value, indicates that the data on managerial ownership is quite varied and has very different characteristics between the data.

In the X2 variable, institutional ownership is measured based on the calculation of institutional ownership shares divided by the total number of shares. Institutional ownership in retail and transportation industries has a minimum value of 0.5587655 and 0.18587 also a maximum value of 0.9097644 and 0.84918 with an average value of 0.73128177 and 0.5988782 which means that retail and transportation companies listed on the Indonesia Stock Exchange in 2016-2020 the average company mean value, if a company has a value of institutional ownership above the mean value, then that company has a relatively high institutional ownership value compared to other companies in the retail and transportation subsectors. On the other hand, if institutional ownership in a company is below the average value, it indicates that the institutional ownership rate is still relatively low compared to other companies in the retail and transportation subsectors.

In the X3 variable, public ownership is measured based on the calculation of public ownership shares divided by the total number of shares. Public ownership in retail and transportation industries has a minimum value of 0.0826529 and 0.12497 also a maximum value of 0.3985650 and 0.42857 with an average value of 0.20756431 and 0.2386595 which means that retail and transportation companies listed on the Indonesia Stock Exchange in 2016-2020 the average company mean value, if a company has a value of public ownership above the mean value, then that company has a relatively high public ownership value compared to other companies in the retail and transportation subsectors. On the other hand, if public ownership in a company is below the average value, it indicates that the public ownership rate is still relatively low compared to other companies in the retail and transportation subsectors.

Classic Assumption Test

1. Normality Test

The normality test of the data in this study used one of the statistical methods, namely the Kolmogorov-Smirnov (K-S) non-parametric statistical test. In this test, if the Asymptotic Significance value shows more than ($\alpha = 0.05$), then the residual can be said to be expected. However, if the number indicates that the Asymptotic Significance value is less than ($\alpha = 0.05$), the residual indicates that it is not normally distributed. Based on the normality results in retail and transportation industries, indicates that the value of significance above 0.05 is 0.200. This means that the residual data is normally distributed.

2. Multicollinearity Test

Table 3. Multicollinearity Test of Retail Industries

Model		Collinearity Statistics
		VIF
1	(Constant)	
	X1	1.915
	X2	7.912
	X3	9.183

Table 4. Multicollinearity Test of Transportation Industries

Model		Collinearity Statistics
		VIF
1	(Constant)	
	X1	1.646
	X2	1.620
	X3	1.062

Based on table 3 and 4, it can be seen that the variable of managerial ownership, institutional ownership, public ownership has a VIF value smaller than 10 so it can be concluded that there is no multicollinearity.

3. Heteroscedasticity Test

Table 5. Heteroscedasticity Test of Retail Industries

Model	**Significance**
(Constant)	
X1	0.223
X2	0.190
X3	0.515

Table 6. Heteroscedasticity Test of Transportation Industries

Model	**Significance**
(Constant)	
X1	0.855
X2	0.823
X3	0.888

Based on the table 5 and 6 above, it shows that each significance of variable independent greater than alpha value which is 0.05. Then, we can conclude that from heteroscedasticity test results shows no symptoms of heteroscedasticity in this research regression model.

4. Autocorrelation Test

Based on the results of research, the value of Durbin Watson in retail and transportation companies is 2.237 and 1.812, respectively. For the DW value of the retail company table at a significance of 0.5 with n (amount of data) = 28 and k (number of independent variables) = 3, the values obtained are dL = 1.2437 and dU = 1.6505. So, the value of 4-dU = 2.3495 and 4-dL = 2.7563. While, the DW value of the transportation company table at a significance of 0.5 with n (amount of data) = 32 and k (number of independent variables) = 3, the values obtained are dL = 1.1805 and dU = 1.6503. So, the value of 4-dU = 2.3497 and 4-dL = 2.8195. It concludes that from Durbin-Watson autocorrelation test results show no symptoms of autocorrelation for this research regression model.

Multiple Regression Analysis

Table 7. Multiple Regression Analysis of Retail Industries

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-0.00054	.001		-.920	.365
X1	-0.00059	.001	-.181	-.750	.460
X2	0.00069	.001	.569	1.164	.254
X3	0.00047	.001	.383	.727	.473

Table 8. Multiple Regression Analysis of Transportation Industries

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.00016189	.000		1.593	.124
X1	0.00000046	.000	.007	.027	.978
X2	0.00001343	.000	.028	.110	.913
X3	-0.00005596	.000	-.105	-.503	.619

The following is the result of the equation from multiple regression analysis of table 7 and 8:

Y (Retail Industries) = - 0.00054 - 0.00059 MO + 0.00069 IO + 0.00047 PO + e

Y (Transportation Industries) = 0.00016189 + 0.00000046 MO + 0.00001343 IO - 0.00005596 PO + e

1. Coefficient Determination Test

Based on the results of the study, it can be seen that the Adjusted R-squared value in the retail and transportation company data is 0.062 and 0.022, which means that the three independent variables used (managerial ownership, institutional ownership, public ownership) are able to explain and have an influence on the dependent variable, namely management. profit of 6.2% and 2.2% while the remaining 93.8% and 97.8% were influenced by other factors not explained in this study.

The value of the coefficient of determination below indicates that the total influence exerted by the independent variable on the dependent variable is in a very weak category. This low value does not mean that there is an error in the use of predictor variables (independent), but it can be assumed that there are other predictor variables that can have a dominant influence on earnings management.

2. Individual Parameter Significance Test (t Test)

a. Hypothesis 1

Managerial ownership in retail industries has t-test is -0.750 < 2.045 or sig. value is 0.460 > 0.05. Then, the conclusion from the t-test result is that hypothesis 1a is rejected, meaning managerial ownership has no influence on earnings management in retail industries. Also, managerial ownership in transportation industries has t-test is 0.027 < 2.060 or sig. value is 0.978 > 0.05. Then, the conclusion from the t-test result is that hypothesis 1b is rejected, meaning managerial ownership has no influence on earnings management in transportation industries.

b. Hypothesis 2

Institutional ownership in retail industries has t-test is 1.164 < 2.045 or sig. value is 0.254 > 0.05. Then, the conclusion from the t-test result is that hypothesis 2a is rejected, meaning institutional ownership has no influence on earnings management in retail industries. Also, institutional ownership in transportation industries has t-test is 0.110 < 2.060 or sig. value is 0.913 > 0.05. Then, the conclusion from the t-test result is that hypothesis 2b is rejected, meaning institutional ownership has no influence on earnings management in transportation industries.

c. Hypothesis 3

Public ownership in retail industries has t-test is 0.727 < 2.045 or sig. value is 0.473 > 0.05. Then, the conclusion from the t-test result is that hypothesis 3a is rejected, meaning public ownership has no influence on earnings management in retail industries. Also, public ownership in transportation industries has t-test is -0.503 < 2.060 or sig. value is 0.619 > 0.05. Then, the conclusion from the t-test result is that hypothesis 3b is rejected, meaning public ownership has no influence on earnings management in transportation industries.

Discussion

1. Influence of Managerial Ownership on Earnings Management

The results showed that the hypothesis 1a dan 1b were rejected, meaning that there was no significant influence between managerial ownership on the earnings management practices of retail and transportation companies This research is in line with previous research conducted by Felicya & Sutrisno (2020), Abduh & Rusliati (2018), Anggraeni & Hadiprajitno (2013). These results state that the managerial ownership variable does not influence earnings management, which means that managerial ownership will not influence the indication of earnings management practices in retail and transportation industries.

According to agency theory, managerial ownership is very beneficial, where managers also take part in the company's share ownership. Managers will then try their best to increase the company's value so that managers can enjoy some of the benefits that are part of it. The existence of management ownership in a company will lead to an interesting assumption that the value of the company increases as a result of increased managerial ownership (Arwani et al., 2020).

Panjaitan & Muslih (2019) explained that management failed to carry out its function as agent and principal, management tended to take policies to manage earnings from the perspective of investors' wishes. It can be concluded that managerial ownership does not guarantee increased supervision of the company and can reduce company risks, and managerial ownership does not guarantee the resolution of conflicts of interest. The management who also acts as an agent and principal is also considered unable to align the company's interests. Management, also a shareholder, will continue to maximize profits for themselves, just like the board of directors and commissioners who do not have share ownership rights. However, this research proves that there is no significant influence between managerial ownership and earnings management.

2. Influence of Insitutional Ownership on Earnings Management

The results showed that the hypothesis 2a and 2b were rejected, meaning that there was no significant influence between institutional ownership on the earnings management practices of retail and transportation companies. This research is in line with previous research conducted by Pricilia & Susanto (2017), Purnama (2017), Firnanti (2018). These results state that the institutional ownership variable does not influence earnings management, which means that institutional ownership will not influence the indication of earnings management practices in retail and transportation industries.

According to Sari (2018) that logically, the agency theory explains that supervision is one of the components of Good Corporate Governance (GCG). Based on Porter's view or concept (in Gede et al., 2014) says that institutional ownership is the owner who focuses more on current earnings. As a result, management may be triggered to take actions that will increase short-term profits by manipulating earnings. The existence of institutional ownership causes managers to feel bound to meet the profit targets of investors, so managers will still tend to be involved in earnings manipulation. In this study, the hypothesis is rejected, which means there is no significant influence between institutional ownership and earnings management. The agency theory explains the importance of a practical from agent and intense supervisory function from principal. However, in this study, it is proven that there is no significant influence between institutional ownership and earnings management, which means that the agency theory which management as an agent and institutional ownership as principal was failed to carried out.

3. Influence of Public Ownership on Earnings Management

The results showed that the hypothesis 3a and 3b were rejected, meaning that there was no significant influence between public ownership on the earnings management practices of retail and transportation companies. This research is in line with previous research conducted by Dirgarepi et al. (2020) and Suhartanto (2015). These result state that the public ownership variable does not influence earnings management, which means that public ownership will not influence the indication of earnings management practices in retail and transportation industries.

In agency theory, it assumes that the agent has more information than the principal, because the principal cannot observe the activities of the agent continuously (B. R. P. Sari, 2018). It explains that public ownership is a bridge for the public as surveillance that can reduce information asymmetry. The results of this study contradict agency theory, where public ownership should have a crucial role in minimizing information asymmetry between managers and shareholders. The existence of public investors is considered capable of being an effective monitoring mechanism in every decision taken by the manager. However, in this study, it is proven that there is no significant effect between public ownership and earnings management, and the role of public investors is not functional in this case.

4. Differences of Earnings Management in Retail and Transportation Subsectors

Based on calculation of earnings management using discretionary accruals with modified jones model, the minimum value of earnings management in retail and transportation industries, namely -0.0001627 and 0.00052. Also, the maximum value of earnings management in retail and transportation industries, namely 0.0003833 and 0.00042. Then, the mean values of earnings management in retail and transportation industries are 0.00004453 and -0.0000231. It can be concluded that the earnings management in retail industries is higher than the transportation industries. Then, the constant value of multiple regression analysis of retail and transportation industries, namely -0.00054 and 0.00016189. Which means in retail industries tends to do the negative earnings management or its commonly called big bath accounting. Big-bath accounting is an earnings management technique in which large accounting write-offs are made to current period earnings to reduce assets resulting in lower costs in the future (S. Sari, 2021). While in transportation industries tends to do the earnings management by increasing reported earnings.

During 2016-2020, the retail companies in this study had discretionary accruals that were far from zero even though it was negative or positive. Because the criteria for an indication of earnings management practice is the higher tendency of earnings management practice if the value of discretionary accruals is not zero. Negative discretionary accruals and positive discretionary accruals are assumed to have the same magnitude when measured the distance from zero. Companies with low incomes tend to show negative discretionary accruals and companies with high incomes tend to show positive discretionary accruals (Perdana, 2018). This opinion is also supported by Sudjito (2006) which states that if the value of $DAit > 0$, then the company performs earnings management by increasing reported earnings. Vice versa, the value of $DAit < 0$ indicates that the company performs earnings management by reducing reported earnings.

CONCLUSIONS AND IMPLICATIONS

Conclusions

a. Managerial ownership does not influence earnings management in transportation subsectors.
b. Institutional ownership does not influence earnings management in transportation subsectors.
c. Public ownership does not influence earnings management in transportation subsectors.
d. Managerial ownership does not influence earnings management in retail subsectors.
e. Institutional ownership does not influence earnings management in retail subsectors.
f. Public ownership does not influence earnings management in retail subsectors.

g. Earnings management in retail subsectors are higher than earnings management in transportation subsectors according to discretionary accruals value.

Implications and Suggestions

Based on the the results of the study, it can be obtained some implications are as follows:

a. This research can be used as a reference for further research that discusses earnings management practices.
b. Increasing the knowledge of those who read, one of them is students about earnings management practices because it will have an impact on students to have an overview of the career world, thereby increasing awareness when choosing a career in an agency or company.
c. For investors, pay attention to the ownership structure and public ownership also earnings management with the aim of making better decisions and increasing awareness, although in this study the results did not affect, but the calculation of earnings management in this study indicates the practices might still exist.
d. Based on the discretionary accruals modified model jones, it shows that earnings management practices might still exist. So, regulators must always evaluate every policy that is carried out and look at various experiences every year in order to minimize the occurrence of earnings management practices.

Based on the results of the study, there are some research limitation and suggestion that can be considered by all parties:

a. This research uses financial data four years before the pandemic and one year during the pandemic so there are significant differences in some of the data obtained due to the influence of the pandemic that occurred which made the data difficult to process. Suggestions for further research are to determine the data year with two years before the pandemic and two years during the pandemic in order to be able to compare in a balanced way whether the pandemic is also a factor in earnings management.
b. In this research, the independent variables only gave an influence below 7% while the rest was explained by other reasons and also all hypotheses in this study are rejected. There are still other independent variables that are more likely to influence earnings management such as the influence of the audit committee. The addition of independent variables can increase adjusted R2 and that can affect the earnings management in the future.

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